

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 OMB-01 TRSE-00 PA-01

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8805

C O N F I D E N T I A L CAIRO 13005

E.O. 11652: GDS

TAGS: BPRO EG US

SUBJECT: CHEMTEX/DUPONT PROTEST

REF: CAIRO 12999

1. HAVE RECEIVED, THROUGH COMMERCIAL CHANNELS, COPY OF A SECOND TELEGRAM SENT BY CHEMTEX PRESIDENT REMMER TO PRIMIN SALEM INDICATING CHEMTEX/DUPONG NOW UNDERSTANDS GOE HAS MADE DECISION TO AWARD POLYESTER PROJECT TO FRENCH FIRM. MESSAGE GOES ON TO SAY THAT THE AMERICAN FIRMS "ARE LODGING FINAL PROTEST TO THIS DECISION" ON GROUNDS THAT THEIR PROPOSAL HAS NOT BEEN GIVEN A FAIR HEARING. PRIMIN IS ASKED TO SCHEDULE "HEARING" IN EARLY JANUARY FOR DUPONT/CHEMTEX REPRESENTATIVE TO DISCUSS THE SUBJECT.

2. HAVE SEPARATELY RECEIVED LETTER FROM CHEMTEX REP MCGANNON, IN CAIRO, STATING HE WILL RETURN TO NEW YORK TO HELP PREPARE ANALYSIS OF CHEMTEX/DUPONT EXPERIENCE IN BIDDING ON POLYESTER-FIBRE PLANT AND PRESENT "OUR ARGUMENTS" TO THE SECRETARY OR UNDER SECRETARY SISCO THAT THESE TWO AMERICAN FIRMS HAVE BEEN UNFAIRLY TREATED. MCGANNON ADDS THAT PREPARATION PROPOSED ANALYSIS COULD BE HELPED IF COPIES OF EARLIER PERTINENT MESSAGES BETWEEN WASHINGTON AND EMBASSY COULD

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BE MADE AVAILABLE TO CHEMTEX. LETTER RECOGNIZES THAT

AMERICAN FIRMS CONTINUED EFFORTS WILL PROBABLY HAVE "SMALL CHANCE OF SUCCESS AND GREATLY IMPAIR OUR FUTURE OPPORTUNITIES IN EGYPT," BUT STATES THEY ARE DETERMINED TO PURSUE THE MATTER TO FULLEST EXTENT POSSIBLE IN HOPES THAT OTHER US FIRMS WILL NOT SUFFER SIMILAR TREATMENT.

3. COMMENT: I SHARE CHEMTEX/DUPONT VIEW THAT GOE, AND MININDUSTRY SHAHIN IN PARTICULAR, HAS GIVEN THEM SHABBY TREATMENT. FROM WHAT WE HEAR, SHAHIN HAS FREQUENTLY MISREPRESENTED CHEMTEX/DUPONT PROPOSAL. IN DISCUSSING WITH MCGANNON FIRMS' INTENTION FILE "COMMERCIAL PROTEST" WITH PRIMIN, I SUGGESTED THEY SHOULD BE AWARE POSSIBLE EFFECT OF SUCH ACTION ON THEIR FUTURE PROSPECTS. THEY APPARENTLY HAVE CONCLUDED THAT THEY HAVE NOTHING TO LOSE. BOTH FIRMS HAVE FREQUENTLY EXPRESSED THEIR APPRECIATION FOR EMBASSY/AID ASSISTANCE, AND I SEE NO REASON WHY THE PERTINENT CAIRO TELS SHOULD NOT BE MADE AVAILABLE TO THEM TO PREPARE THEIR ANALYSIS. CANNOT YET SAY WHETHER PRIMIN WILL GRANT THEM HEARING WHICH THEY SEEK. WILL TRY TO FOLLOW THIS UP AS APPROPRIATE.

4. I BELIEVE WE, TOO, SHOULD LET GOE AUTHORITIES KNOW IN APPROPRIATE FASHION THAT WE SHARE THE VIEW THAT, WHILE IT IS UP TO GOE TO DECIDE TO WHOM IT AWARDS CONTRACTS, WE ARE DISTURBED ABOUT HANDLING OF POLYSTER FIBRE PROJECT. THIS TYPE OF ACTION IS HARDLY LIKELY TO WIN SUPPORT OF AMERICAN BUSINESS COMMUNITY FOR US ECONOMIC AID FOR EGYPT.
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